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**FISCAL IMPACT STATEMENT**

**LS 7007**

**BILL NUMBER:** SB 200

**NOTE PREPARED:** Feb 28, 2005

**BILL AMENDED:** Feb 28, 2005

**SUBJECT:** Core 40 Curriculum.

**FIRST AUTHOR:** Sen. Lubbers

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

**(A)** Beginning with the 2010-2011 school year, the bill requires, with certain exceptions, a student to complete the Core 40 curriculum in order to graduate from high school.

**(B)** Beginning with the 2011-2012 academic year, the bill requires, with certain exceptions, a student to have completed the Core 40 curriculum to be admitted to a four-year degree program in a state educational institution and to be eligible for certain higher education awards and scholarships. The bill makes transitional provisions maintaining the current standards until the new standards take effect.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** (Revised) **(A)** Under the bill, the Department of Education could see an increase in staff time associated with the order and placement of the Core 40 seal on diplomas of graduating students that have successfully completed the Core 40 requirements. If every graduating student were required to complete Core 40 requirements, the seal could be incorporated into diploma printing, which could reduce the per unit cost of Core 40 diplomas.

Under the bill, the graduation class of 2010-2011 would be the first class required to complete Core 40 as a graduation requirement.

**(B)** Under the bill, three state funded scholarship programs could be affected: 1) Higher Education Award

Program, 2) Freedom of Choice Program, and 3) Twenty-First Century Scholarship Program. Given that Core 40 standards, with certain exceptions, would have to be met for students to qualify for these programs, the bill could affect the number of scholarships awarded in future years beginning with school year 2011-2012. Currently, different high school diplomas have different subsidy rates. An Honors Diploma is required for the 100% scholarship rate. A Core 40 Diploma has a 90% subsidy rate and the current regular diploma has an 80% subsidy rate. The number of scholarship awards could increase as the number of Core 40 and Honors Diplomas increase. The exceptions to qualify for a scholarship, under the bill, other than completion of the Core 40 requirements include, completion of 12 hours of college level course work with at least a 'C' average, an applicant will be 21 years of age during the semester a scholarship would be awarded, or an applicant was accepted as an exception to a university's regular admission requirements. The impact on state expenditures would depend on the number of scholarships awarded under the proposed requirements and future levels of appropriations.

The following table illustrates the number awards, scholarship expenditure, and appropriation in FY 2004, for the three scholarship programs listed above.

<b>Scholarship Program</b>	<b>Total Number of Awards</b>	<b>Total Expenditures</b>	<b>Average Award</b>	<b>Total State General Fund Appropriation*</b>
Higher Education Award	45,415	\$91,089,925	\$2,000	\$87,851,595
Freedom of Choice	11,861	\$37,708,213	\$3,180	\$36,428,485
Twenty-First Century	7,597	\$14,656,835	\$1,930	\$15,996,500
<b>TOTAL</b>	<b>64,873</b>	<b>\$143,454,973</b>		<b>\$140,276,580</b>

*\*Difference between Total Expenditure and General Fund Appropriation is funded by either Federal funds, reserve transfers, or refunds.*

*Background: Current Graduation Requirements-* Beginning with the graduating class of the 1999-2000 school year, students that expected to graduate with a diploma were required to either: (1) complete all high school graduation credit requirements in addition to receiving a score at or above the Indiana Academic Standard on the GQE; (2) successfully complete all components of the Core 40 curriculum; or (3) successfully appeal the examination test results in accordance with current law. A student who does not receive a score at or above the Indiana Academic Standard may retake the examination during each semester of each grade following the grade in which the student is initially tested.

*Core 40 Diplomas-* In school year 2002-2003, 36,908 students graduated with a Core 40 diploma (about 63.3% of total diplomas awarded in that year). Twelfth grade enrollment for school year 2002-2003 was 64,059 public and 7,144 nonpublic.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary: Core 40-* School corporations would have to redistribute existing resources in order to accommodate the requirements of all students fulfilling Core 40 requirements in

order to graduate. Schools may need to increase the number of Core 40 classes offered and decrease non-Core 40 classes. Schools could approach the increase in Core 40 classes in several ways: (1) have existing Core 40 teachers teach additional Core 40 classes, (2) shift teachers from non-Core 40 instruction to Core 40, or (3) hire new teachers to instruct Core 40 classes.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education, Education Roundtable, State Student Assistance Commission; Institutions of Higher Education.

**Local Agencies Affected:** School corporations.

**Information Sources:** Phyllis Usher, Department of Education: *Indiana Annual State Report Card 2003*; DOE SAS and ORACLE DATABASES; State Student Assistance Commission: *Operating Budget Request, 2005-2007, August 1, 2004*.

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